

# Diamond Industry Annual Review

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## Diamonds: Movement, But Not Always Forward

### Editorial Comment

A year ago the editorial in the first *Sierra Leone Diamond Industry Annual Review* noted that “National control mechanisms are...still extremely weak, and even government officials admit that diamond smuggling is still substantial, perhaps even bigger than legitimate exports. This is as important in the post-war period as it was during the destructive ‘rebel’ decade. The international conscience may now be assuaged by the end of the depravities of ‘rebel’ violence, but for Sierra Leoneans, the problem of resource predation is a continuing nightmare.”

We could say something similar today and we would only be partly wrong. Although Sierra Leone remains last out of the 177 countries on the UN Human Development Index, the country’s GDP was projected to have grown by a healthy 7.2 per cent in 2004. And official annual diamond exports from Sierra Leone – and consequently revenue to the government and local communities – have nearly doubled in the past year (from \$76 million to \$126.6 million by the end of 2004), but hardly anyone, including government officials, attributes this happy development to internal curbs on illicit diamond mining and smuggling, both of which continue to thrive. Officials instead universally praise the salutary effects of the Kimberley Process (KP), an international system of regulation for the movement of diamonds from producing countries to the global market. To their credit, Sierra Leone government officials, particularly officials of the Gold and Diamond Department (GDD) – which is tasked with implementing the system in Sierra Leone – have applied KP standards in many areas with appropriate diligence. The office functions with a level of transparency and professionalism unmatched by other institutions in Sierra Leone. But in its *Half Yearly Report January-June 2004*, the GDD gives four reasons for the increase in diamond exports.

There is, first, the element of “better security prevailing in Sierra Leone,” which has allowed “large numbers of people [to return] to the mining areas, resulting in increased participation in, and intensification of, mining activities.” Second, the new De Beers “Supplier of Choice” marketing strategy has dramatically reduced the number of sightholders the company sells to, forcing more buyers to look for their rough diamonds on the open market, thereby increasing the demand worldwide. Third, the Kimberley Process Certification Scheme (KPCS) “has created a positive impact on the diamond industry, [making] it difficult to trade diamonds outside the scheme.” And fourth, “Liberia, the traditional smuggling route, is still under a UN ban from exporting diamonds,” thus eliminating its “ability to create a negative impact on Sierra Leone’s diamond exports.”



Artisanal Alluvial Diamond Miners

These are accurate and fair – and remarkably modest – claims, as far as they go. But it is important to note that they are essentially limited to external influences on the industry in Sierra Leone. In the 2004 *Sierra Leone Diamond Industry Annual Review*, we quoted Sierra Leone’s President Ahmed Tejan Kabbah on the common and well-known problems associated with the diamond industry in Sierra Leone: illegal mining, smuggling, environmental damage, poor working conditions including child labour, and misuse of official positions and power.

In an exclusive interview for the 2005 *Annual Review*, a more upbeat President Kabbah admitted that many of these problems remain unresolved. But, he said, “we have undoubtedly made progress on some of them.” A primary focus now, he said, is “to attract bigger mining companies, which means foreign investment. We have had tremendous success with the Koidu Diamond

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Holdings (see *inside for more details on KH*). They are easier to monitor. They keep a paper trail, and they are bringing in a lot of revenue in the form of taxes and employment. The alluvial mines are a problem. They always have been, and will probably continue to be. Until we are able to attract companies like KH to invest in the alluvial mines – which are overwhelmingly dominated by artisanal miners – the problem of illicit mining, and therefore smuggling, will remain with us. The problem of child miners will be difficult to tackle as well, although legislation has been prepared for that. But understand that smuggling has been minimized over the past year – witness the huge increase in official exports.”

Not everyone shares the President’s upbeat assessment, especially with respect to KH. NGOs and Civil Society organizations – whom the President lambasted in the interview for being “irresponsible and depressingly ignorant” – accused KH during 2004 of direct involvement in some of the problems that he described so well last year: environmental damage, lack of transparency, poor working conditions, and poor relations with its host community. NGOs also accused the government of being too close to KH, leading to collusion in the company’s alleged misdemeanours. It is likely, however, that many of the allegations resulted from misunderstanding, a lack of dialogue between rights monitoring groups, the company and the government. Nevertheless, there is clearly room for improvement.

Most of the problems of today’s diamond industry in Sierra Leone boil down less to willful corruption and mismanagement than to challenges of governance and procedure. State capacity is still weak, and there is a culture of bureaucratic tardiness. Governmental oversight

in almost every matter is still significantly limited. Until there is a radical change in these respects, there will continue to be problems with the diamond industry. While the government is alive to the challenges, it ought to be seen to be working harder to improve its own capacity. Environmental and ownership laws, even where they affect powerful interests – as in the case of KH and the local authorities in Kono District – should be enforced, and should be *seen* to be enforced, which is hardly the case at the moment. The government should also initiate its own geological surveys so that diamond occurrences can be mapped and properly covered by mines supervisors and monitors – whose capacities also need to be improved. The significantly improved revenue generated by diamonds can cover some of this, and donor funding could take up the slack.

Donors like UNDP should follow the example of USAID and Britain's DFID in strengthening local capacities, including those of the United Mine Workers Union, the mines monitors and supervisors, and local communities in diamond mining areas. Public awareness campaigns should be directed towards the latter in order to deepen their understanding of the diamond industry, including its value to their communities and the potential problems it can create. There should be constructive engagement between NGOs, government and foreign mining companies. Clearly, Sierra Leone requires the investment that such companies can bring in order to develop the diamond deposits buried deep in kimberlite pipes. A transparent and constructive engagement on all sides will go a long way to ensuring that Sierra Leone's diamonds are properly developed.

## Governance: Still An Uphill Task

Sierra Leone's expanding diamond industry operates under the Ministry of Mineral Resources, one of the oldest bureaucracies in the country. The head of the Ministry is Alhaji Mohamed Swaray-Deen, a man associated with the Ministry as a professional geologist since the 1960s. He holds senior cabinet rank, and his ministry is housed in the Youyi Building at Brookfields in Central Freetown. Recently refurbished under a Chinese aid programme, the long-dilapidated Youyi Building now has an

## Anti Smuggling Report

The government of Sierra Leone should tighten airport security to combat smuggling, it should establish a strategic oversight function for diamond sector regulation and enforcement, it should establish a low-cost and strategically targeted system to "check the checkers", and it should improve data collection, coordination, analysis and decision making in the diamond sector. Those are the main recommendations from diamond security specialist Jeffrey Corkill in a report on anti-smuggling measures arranged by Management Systems International for USAID's Diamond Policy and Management Project in October 2004.

The report recommends better profiling and surveillance of known diamond traders, the creation of a priority departure lane for declared diamond dealers, along with a secure departure lounge, and improved cross-agency coordination in airport surveillance. It recommends better collaboration among the various government stakeholders in diamond sector regulation and enforcement, and a system to ensure that checks throughout the system are themselves being audited.

The report is critical of what it calls "poor diamond information management" between the mining areas and Freetown, "which provides significant opportunity to disguise corrupt and illicit activity." While the current methodology for reporting diamond trading transactions is, according to the report, "essentially adequate", significant flaws in the process compromise the system and the data that is collected. The report calls on the government to correct attitudes that mask an "unwillingness by certain officials to use those assets that are available in a more effective manner". It says that while there have been many changes for the better in recent years, significant further improvements will require "sustained and steady pressure" from the international donor community. The report is available at <http://www.peacediamonds.org/>.

almost elegant look to it. Within the Ministry, however, change has been more difficult.

The Ministry issues the licenses – mining, dealer, and export – that regulate the exploitation, sale and export of diamonds. By September 2004, it had issued 2,032 mining licenses (up from 800 last year), 251 dealer licenses (up from 135 last year), and 53 export licenses (up from 39 last year.) This is a significant increase in an industry known for its volatility, and for a Ministry known for its unwieldiness. Yet the staff of the Ministry has not been increased to cope with the new developments – to which have been added sensational new diamond finds at Kamakwie in the north of the country, an area previously untouched by diamond mining activities.

At the moment, the Ministry has only 110 Mines Wardens – professionals who map out mining areas, issue licenses, regulate mining activities, and make sure that environmental and other regulations are followed. The Ministry requested approval in 2004 for 50 new Mines Wardens, but only 31 were approved. In addition, Mines Wardens are very poorly paid. They start at a salary of Le 650,916 per annum (about US \$300), a ridiculously low figure for regulators in such a corruption-prone, high-value industry.

Then there are the Mines Monitoring Officers (MMOs). MMOs are not civil servants, and they

are not professionals. Unlike Mines Wardens, they have no job security, although at \$50 a month, they are far better paid. Their job is to complement the Wardens, monitoring and evaluating the performance of diggers, dealers and exporters. They focus particularly on curbing illicit mining and smuggling. They are empowered to carry out on-the-spot checks of records and documentation relating to the buying and exporting of diamonds, but unlike Wardens, they have no powers of arrest. If they suspect criminal activity, they must call in the police. As of late 2004, there were 200 MMOs – no increase over the previous year.

There is also little improvement in the logistical plight of the MMOs and Wardens. There is a dire lack of vehicles and communications equipment. The road network connecting most of the mining areas to Freetown is bad to the point of being practically useless. Kamakwie, the centre of the latest diamond rush, is located in a remote area of northern Sierra Leone. The town, already impoverished and short of accommodation, has been overwhelmed, becoming a sprawling camp of makeshift huts with thatch and plastic sheets for roofing. Health and sanitation are problematic. The mining there is wholly artisanal, and – partly because there is a dearth of Ministry officials – highly unregulated. Although dozens of mining licenses have been

issued covering the Kamakwie mining areas, there were fewer than half a dozen MMOs and Wardens covering the entire area in late 2004, and these were handicapped by a lack of basic equipment such as simple communications sets and motor bikes.

As part of its effort to reduce the challenges facing MMOs and Wardens, in September 2004 the government created a Precious Minerals Monitoring Team. The team, which includes eight police officers and eight MMOs, has the power of arrest, and makes on-the-spot checks all over the country. Senior Ministry of Mineral Resources officials believe that the work of the team will greatly boost the limited capacity of the Ministry and will help in curbing illicit mining activities and smuggling. Making the Precious Minerals Monitoring Team effective will become more critical during 2005 as the UN peacekeeping force, UNAMSIL, reduces its presence. From a high of 17,500 troops, UNAMSIL had been reduced to 5,500 by the end of 2004, and was expected to be cut to 3,250 by mid 2005.

Donor support has been helpful. The UK's DFID is funding the development of a *cadastre* system, which is a form of geographical/geological record keeping that will map out diamond potential and other vital information, a plan that will cost £450,000 in the coming years. DFID is also helping to pay for more training for GDD staff, and it is funding the United Mine Workers Union to the tune of £50,000 to help it set up regional offices. Funding will also be used by the Union to undertake the registration of miners, with a view to bringing them into the labour mainstream. DFID is also working with the Ministry in an effort to harmonize production and exports, which almost everyone agrees is lopsided: which is to say that there is still smuggling going on.

There has also been a change in the bureaucratic oversight of the diamond export sector. The Ministry of Mineral Resources no longer oversees the work of the GDD. The GDD now operates under the newly-created National Revenue Agency (NRA), set up by government to harmonize revenue-generating activities. Under the NRA, the three per cent tax on diamond exports (which is paid in US dollars) is now deposited in the Government Treasury account, and leones (the local currency) are paid out to the various agencies that are due them. The new system seems to be working well. The NRA has reduced staff at the GDD from 54 to 23, affecting

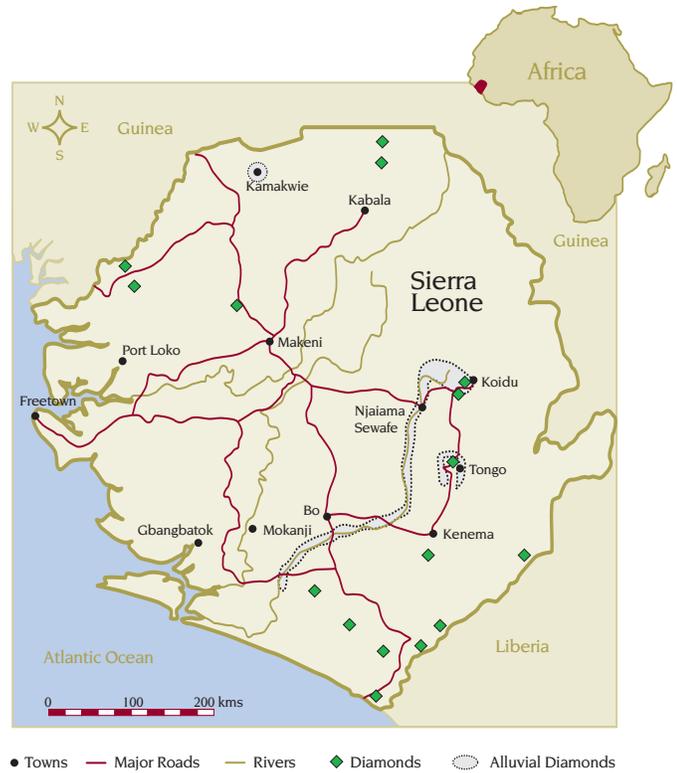
most prominently the number of GDD staff in the Kenema office. Visitors to both offices have noted in the past that neither seemed over-worked.

While changes like these may be necessary, they are still rather remote from the traditional and more corrosive problems of Sierra Leone's diamond industry: illicit mining and smuggling. In this regard, tougher law-enforcement remains imperative. The *Precious Minerals Monitoring Team* is therefore an important initiative. Last year's *Annual Review* suggested the appointment of a "specialist police unit" that would operate "in conjunction with an international security company." It was envisaged that "intelligence gathering in both Antwerp and Sierra Leone could lead to the arrest of some of the more prominent couriers and the confiscation of their diamonds." A few "high-profile successes," it was argued, "would add to the cost of smuggling and could serve as a major deterrent." The Precious Minerals Monitoring Team – some of whose members are said to have trained in diamond policing in South Africa – could serve as this "specialist police unit." But smuggling is an international affair, and the idea of employing the services of an international security agency remains valid.

## The Gold & Diamond Department

The Gold and Diamond Department (GDD), formerly the Government Gold and Diamond Office (GGDO), received its name change in 2004 when it was brought under the authority of the National Revenue Agency. Its functions and physical location remain the same, however.

Of the many stakeholders deemed vital by the government to the proper functioning of the diamond industry – the Ministries of Mineral Resources and Finance, the Office of National Security, the Sierra Leone Police, the Department of Immigration, the Anti Corruption



Commission, the judiciary, civil society and independent diamond valuers – the GDD is perhaps the most visible and emblematic. Its fortunes over the past decade have reflected not just the conditions of the diamond industry but of the country as a whole.

The then GGDO was set up in 1985 shortly after Army Chief Joseph Momoh succeeded the country's long-time despot, President Siaka Stevens. The GGDO replaced a corrupted Precious Minerals Mining Company, aiming to "examine, sort, value, parcel, market and export gold and diamonds." In fact, the severely cash-strapped government could only manage to value the gems and impose a three per cent levy on them before export. The GGDO was to receive one per cent of the value of each diamond submitted, and the government two per cent. A firm of international consultants, Diamond Counsellor International, was contracted to fly to Freetown several times a year to audit and advise the GGDO. At the time, official diamond exports had slumped from a high of two million carats in 1970 to a mere 48,000 carats in 1988. Illicit mining and smuggling were rampant, and the government itself had become little more than an organized racket.

Like almost all institutions in the country, the GGDO suffered from near-irrelevance during most of the civil war period. Official exports of



diamonds amounted to a mere \$1.78 million in 1998 and only \$1.24 million in 1999. That year, in a devastating rebel attack on Freetown, the office of the GGDO – housed at the Bank of Sierra Leone – was partly destroyed, and it relocated to a cramped office on a busy Freetown street which doubled as the law office of the GGDO's manager David Quee. It had an active staff of one – Quee himself.

Since then, much has changed. With assistance from Belgium's Diamond High Council, Sierra Leone established one of the first diamond certification systems in the world, a precursor to the system now used globally by the Kimberley Process. A revived GGDO – now relocated in its old offices at a renovated Bank of Sierra Leone – is under the management of Lawrence Ndola Myers, a former De Beers employee. Official exports have increased dramatically. Exports for 2001 totaled 222,500 carats, valued at US\$26 million, extraordinarily high compared with the war years and before. They jumped to \$41.73 million in 2002, and \$76 million in 2003, and almost doubled again during 2004. The increase in production has been complemented by a sharp increase in the value-per-carat of stones passing through the GDD: from an average of \$117 per carat in 2003 to \$183 per carat in 2004. Production from the kimberlite mines in Kono are often \$200 or more per carat.

The GDD says that the increase reflects the changed mining atmosphere following the establishment of peace, the effectiveness of the Kimberley Process, and the fact that the major smuggling route through Liberia has been shut down – in part because of UN sanctions.

The GDD, with a staff of 23, receives a 0.75 per cent share of the three per cent export tax, representing about \$1 million in 2004. Diamond Counsellor International remains the external valuator for Sierra Leone's diamonds, receiving a 0.45 per cent share of the export tax. This

translated into approximately \$550,000 in 2004.

Most of Sierra Leone's rough diamonds – over 93 per cent in 2003 – were exported to Belgium, centre of the rough diamond trade. Other destinations – in order of importance – are the United States (2.3%) and Britain (less than one per cent). The diamonds are valued and taxed openly in the GDD's offices, and the results are published and are widely available.

A year or so ago, there was a fear that theft might be occurring inside the Department, and there were worries about under-valuation and possible collusion with diamond smugglers. This sort of allegation is no longer widely made, but few dispute that there is still widespread smuggling of Sierra Leone's diamonds. Estimates of smuggling in 2004 ranged from \$30 million to as much as \$170 million. Whatever the case, it is clear that, as incoming US Ambassador Thomas Hull said when presenting his credentials to President Kabbah, "many diamonds are still unaccounted for."

## The Miners: A Dollar A Day<sup>1</sup>

Sierra Leone's diamonds are of a consistently high quality, with an average run-of-mine carat value that is higher than almost any other diamond producing country in the world. Artisanal diamond mining today makes a significant contribution to the general economy of Sierra Leone. It provides work for more people than any sector after subsistence farming, and is the country's major source of foreign exchange. A 2001 study estimated that by 2006, Sierra Leone would produce 750,000 to 1 million carats of diamonds a year, with exports rising from around \$50 million in 2002 to as much as \$180 million by 2006.<sup>2</sup> The country is more than half way there. In 2003, Sierra Leone mined and legally exported

approximately \$76 million of diamonds from the alluvial fields. In 2004 the total from both alluvial and kimberlite mining was \$126.6 million.

Interestingly, only eleven per cent of the exports in 2004 resulted from industrial kimberlite mining in Kono District. The vast majority of diamond miners are in the artisanal sector – mining without much more than hand-held tools, shovels and sieves. They operate largely informally, are not regulated and have no written agreements with their employers. It has been estimated that there are between 150,000 and 200,000 artisanal diamond miners, although the actual number is probably closer to 120,000.

The value of official exports would be much higher were it not for smuggling. Unofficial government estimates place the level of smuggling at 50 per cent, and one recent study suggests that it is much higher.<sup>3</sup> In addition to diamonds being smuggled out, diamonds are also smuggled *in* from Liberia and perhaps farther afield.

The structure of the alluvial diamond trade in Sierra Leone is particularly complex, as reflected in the number of players, tiers and government processes, which involve traditional authorities, local governments and the central government. On the surface, the artisanal diamond sector looks as though it is fully located within the formal legitimized Sierra Leone economy. License holders formally apply through a defined government system, which includes traditional authorities, local government and the state. The size of digging sites and the number of miners on a site are specified by the government, and superficially it appears as though license holders sell their diamonds in an open and competitive market.

The truth is, however, that large parts of the industry are informal and are, for all practical purposes, monopolized by a relatively small group of people who dictate the price of rough diamonds, reap most of the economic rewards and exploit those in the production chain below them. The reasons can be found in the lack of market knowledge among diggers and miners, limited access to capital, corruption and the ineffective application of corrective policies.

### The Reality: Poverty Diamonds

The Sierra Leone diamond economy can be thought of as a "casino economy" for many of the people who work in it. This is particularly true for diggers and license holders. Most are gambling on finding a large diamond. In fact, both diggers

and license holders refer to the money they earn as “winnings” rather than salaries or profits, and the diggers appear to prefer a system of payment in which they receive little or no wages, but share in the value of the diamonds they mine.

The individuals who mine diamonds are unskilled labourers working, in most cases, with nothing more than a shovel or a sieve. Diggers normally work six days a week from 8:00 am until 5:00 pm, with a 30 minute lunch break. There are several methods by which diggers are paid, all decided by the license holder who hires them.

**Casino System:** License holders who prefer this system normally pay diggers between Le1000 and Le1500 (US 39-59 cents) per day and provide them with two cups of rice each day for lunch. The diggers on a given plot will also collectively share 30 per cent of the value of any diamonds mined. If 50 diggers work on a plot, each would receive 1/50<sup>th</sup> of 30 per cent of the value of the diamonds produced. Or the share may be decided arbitrarily by the gang leader. Diggers working under this system are gamblers. They work for very little money and bet on both a high return and an honest license holder.

**Pay Per Win System:** In some cases, diggers will negotiate the price of the diamonds they find, although this requires some knowledge of diamond values, which few have in any great detail.

**Daily Wage:** License holders who employ diggers under this kind of arrangement usually pay a daily wage of approximately Le5000 (US\$2) per day, plus some rice for lunch. For a 25-day working month a digger would earn about US\$50.00. Diggers receive no share in the diamond proceeds. Under this system, diggers are more likely to steal diamonds, as they have no stake in what they turn in.

**Pile System:** There are variations, but generally all diamond-bearing earth and gravel is separated into three piles, each “belonging” to one of three groups involved in the operation: diggers, the license holder and their supporter. Any diamonds found belong to the person in whose pile they are found.

Although there are variations, and several systems may work at once, even at the same site, historically, most diggers have preferred the casino system, “betting” on a share of the “winnings”. Being a digger, however, is not entirely a gamble. Monitoring the diggers is difficult and many undoubtedly steal diamonds and sell them independently if they can.

In 2003, the Peace Diamond Alliance (PDA) (*see article, page 10*) gathered data on what diggers earn. Researching three plots and 89 diggers in some depth, they calculated that each one earned between Le3152 (US\$1.24) and Le3705 (US\$1.46) per day, based on the casino system. Monthly pay is difficult to calculate because not every digger works full time. If one assumes an average working month of 20 days, the monthly pay for these men would be between \$25 and \$30, considerably less than Sierra Leone’s minimum wage of Le100,000 (US\$40). The PDA concluded, however, that the imposition of a statutory minimum wage for diggers would “place an extreme burden on mine owners”. PDA has the following elements in its Code of Conduct, regarding Conditions of Service for diggers:

- In a casino system, diggers should receive three cups of rice per day plus Le700 (US 27 cents) or Le1500 (US 59 cents). The diggers’ share of diamond revenue should be 30 per cent;
- In a contract mining situation, pay should be at least Le5000 (US\$1.97) per worker per day plus lunch;
- first-aid and medical treatment should be provided for all mine-related injuries and sickness;
- Housing should be provided at the mine site.

While not exactly a bonanza, these provisions, if applied, would represent a significant change for most diggers.

By far the majority of the diggers are Sierra Leoneans, many of whom have migrated to the diamond fields from other parts of the country. Although life is tough and risky for diggers, there is no difficulty in attracting them because of the lack of other viable economic alternatives, and because diamonds in Sierra Leone – as elsewhere in the world – are commonly associated with the possibility of striking it rich.

Many diggers, particularly men, view mining diamonds as a full-time job. Women are known, however, to work in all aspects of diamond mining, from digging and washing gravel, to acting as supporters and license holders. There were very few diggers who appeared to be less than 17 or 18 years of age. Informants said, however, that mines less accessible to Mines Monitoring Officers (MMOs) employ more children. One license holder said that his mine had been closed for a week because he had children working. This suggests that where MMOs have access, regulations are being enforced.

A 2002 study by World Vision surveyed 500 child miners in Kono District and noted that the children “usually got involved in mining at an early age; initially on a part-time basis, but they eventually became fully engrossed into it, thereby interfering with their education or any other option that promises a better future.” (*See article on child miners on page 8.*) There were, the report noted, “those who were doing well in school but had to abandon their educational pursuit to follow their peers who transiently became rich and admirable.” Eighty three per cent of those surveyed said they were directly involved in mining activities, and 8.6 per cent said they “went to the mining sites to prepare food for the miners but they spent all the day at the mining sites.” Seventy-five per cent of those surveyed said they chose mining all on their own “to get money,” while 15.2 per cent claimed they were engaged in mining because they had no alternative. A further 6.2 per cent claimed they were influenced into joining by their friends, and four per cent said they were sent into mining by their parents.



*Alluvial Diamond Digger*

In addition to hard work, the life of a diamond digger is one of exploitation. Written contracts and terms and conditions of work are non-existent, child labour laws are not enforced, health and safety regulations are either non-existent or are ignored. Miners have no “right” to negotiate payment or conditions of work. The United Mines Workers Union has traditionally shied away from the artisanal diamond sector, but is presently making some interventions, and has registered approximately 500 diggers. It remains to be seen whether it will be able to develop the kind of influence that would be required to change the prevailing situation.

## The Exporters

The 2003 Annual Report published by the Government Gold and Diamond Office (GGDO – now the Gold and Diamond Department – GDD) lists 43 licensed exporters. Of the 43, five were described as “foreign nationals”. These five foreign nationals accounted for 74 per cent of all diamonds officially exported from Sierra Leone in 2003 at a value of US\$56.2 million. The 38 other exporters, classified as “indigenous citizens”, exported the remaining 26 per cent, with a total value of US\$19.7 million. This demonstrates the economic power of a handful of foreign nationals.

In both 2002 and 2003 the GGDO issued two types of export license, one for a higher fee to foreign nationals and one with a lower fee for indigenous citizens. However, the GGDO admits what is common knowledge in Sierra Leone, that some Sierra Leoneans have abused the policy by acting as fronts for foreign nationals who in reality held the license. While the GGDO states that, “...this was tantamount to defrauding the state and could rob the genuine citizens of the opportunity of participation...” there have been no prosecutions for this. In 2004, the export license fee was changed to a flat rate for everyone (US\$40,000).<sup>4</sup> Foreign nationals receive a

### Significant Individual Exporters January-June 2004

Exporter	Value of Exports	Percentage of Exports
H.M. Diamonds (Mackie)	\$ 28,047,299	46%
Andre T. Hope	\$ 11,743,542	19%
Sarahdiam	\$ 9,081,766	14%
Kassim Basma	\$ 7,849,242	12%
Sima Star Co. (SL) Ltd	\$ 3,252,277	5%
Others	\$ 1,210,456	4%

0.5 per cent tax break on exports of more than \$10 million, a rate which applies to exports of more than \$1 million by indigenous citizens.

In 2003, Hisham Mackie, a Sierra Leonean-born Lebanese trader, out-performed everyone in the sector, exporting about 40 per cent of all diamonds passing through the official process in Sierra Leone. By June 2004, Mackie's company, H.M. Diamonds, had out-paced its own record, exporting \$28,047,299 or 46 per cent of the total. In 2004, however, a Sierra Leonean lawyer and businessman, Andre Hope, was following in second place. By June, Hope had exported \$11,743,542 or 19 per cent of the total. This is a

significant development. In 2003, all Sierra Leonean exporters combined managed to export only \$19.7 million worth of diamonds, or about 26 per cent of the total.

Another significant development is the entry of Koidu Holdings S.A. (KH) as a player in the export sector. By the end of 2004, KH had exported 79,000 carats of diamonds worth some \$13.8 million. Despite the arrival of Koidu Holdings and the export of kimberlite diamonds, however, the artisanal sector still dominates the diamond industry, accounting for 90 per cent of all diamond exports.

## Sierra Leone Diamond Export Data

### 2002 Export Data

Month	Export Amount (\$)	Carats	Price/Carat
Jan/02	1,436,570	20,891	\$ 68.77
Feb/02	1,782,849	16,989	\$ 104.94
Mar/02	1,590,820	13,281	\$ 119.78
Apr/02	3,772,768	25,762	\$ 146.45
May/02	3,241,944	29,781	\$ 108.86
June/02	4,196,749	29,660	\$ 141.49
July/02	4,920,889	37,480	\$ 131.29
Aug/02	4,311,833	32,250	\$ 133.70
Sept/02	5,265,133	49,460	\$ 106.45
Oct/02	3,770,189	29,450	\$ 128.02
Nov/02	3,753,079	33,687	\$ 111.41
Dec/02	3,689,308	33,169	\$ 111.23
<b>Total</b>	<b>41,732,130</b>	<b>351,859</b>	<b>\$ 118.60</b>

Value to  
DACDF \$312,991

### 2003 Export Data

Month	Export Amount (\$)	Carats	Price/Carat
Jan/03	4,612,174	37,853	\$ 121.84
Feb/03	7,087,005	40,612	\$ 174.51
Mar/03	4,827,357	29,566	\$ 163.27
Apr/03	7,363,137	45,259	\$ 162.69
May/03	5,526,897	41,334	\$ 133.71
Jun/03	7,673,862	56,612	\$ 135.55
Jul/03	5,417,475	37,191	\$ 145.67
Aug/03	7,527,192	49,182	\$ 153.05
Sep/03	6,828,932	50,068	\$ 136.39
Oct/03	6,789,034	44,032	\$ 154.18
Nov/03	5,868,077	35,121	\$ 167.08
Dec/03	6,465,402	39,903	\$ 162.03
<b>Total</b>	<b>75,969,751</b>	<b>506,723</b>	<b>\$ 149.92</b>

Value to  
DACDF \$521,409

### 2004 Export Data

Month	Export Amount (\$)	Carats	Price/Carat
Jan/04	6,732,551	55,347	\$ 121.64
Feb/04	9,956,715	67,192	\$ 148.18
Mar/04	12,186,650	61,730	\$ 197.41
Apr/04	12,219,747	72,589	\$ 168.34
May/04	9,824,063	49,712	\$ 197.61
June/04	17,371,974	89,560	\$ 193.97
July/04	12,925,172	59,194	\$ 218.35
Aug/04	9,689,861	50,172	\$ 193.13
Sept/04	9,897,734	51,781	\$ 191.14
Oct/04	9,588,852	46,014	\$ 208.38
Nov/04	9,215,901	51,310	\$ 179.61
Dec/04	7,052,411	37,152	\$ 189.82
<b>Total</b>	<b>126,652,634</b>	<b>691,757</b>	<b>\$ 183.09</b>

Value to  
DACDF n/a

The Diamond Area Community Development Fund (DACDF) returns a small percentage of export proceeds to the communities where diamonds are mined.

## Koidu Holdings: The Rewards And Risks Of Foreign Investment

A series of name changes and new investors in 2004 made “DiamondWorks” – the controversial mining company that once introduced mercenaries to Sierra Leone – a thing of the past. But the controversy that dogged the company for much of the 1990s continued. The Kimberlite mining that finally commenced operations in 2003 became known by its new name, Koidu Holdings S.A. (KH), a joint venture between Branch Energy Ltd. and Magma Diamond Resources Ltd. Branch Energy was a wholly-owned subsidiary of DiamondWorks, a company listed on the Toronto Stock Exchange, and Magma is a wholly-owned subsidiary of the privately-owned, Geneva-based Beny Steinmetz Group (“BSG”). During 2004, a related company, BSG Resources Ltd., acquired a 25 per cent interest in KH and in June, DiamondWorks officially changed its name to Energem Resources Inc. Energem currently holds 40 per cent ownership in KH.

In addition to its two Kimberlite mines in Koidu, Koidu Holdings has three additional exploration properties in the country, and in June 2004, in an open tender, it was awarded a fourth at Tongo Field. The Tongo exploration area covers 89 km<sup>2</sup> and has four known diamondiferous kimberlite fissures. In January the company's Country Manager, South African Jan Joubert, announced that productivity had exceeded expectations. And by the end of August 2004, KH had exported a total of 46,000 carats valued at \$9 million, with both Koidu pipes producing run-of-mine averages of \$184 per carat.

The Company's agreement with the government, which celebrated this success nearly as enthusiastically as KH, seemed mutually beneficial. About 40 per cent of KH's profits – in the form of corporation tax (\$200,000 per annum), annual surface rent of \$25 per acre, royalties totaling five per cent of diamond sales and four per cent of precious metal sales – ultimately go to the state. In addition, the company's reasonably well-paid staff of about 400 – mainly Sierra Leoneans – can be advertised proudly in a country with widespread unemployment and poverty. KH's overall investment in Sierra Leone, says the company's Sierra Leonean spokesman Sadiq Sillah, is worth \$21 million, and it is by far the biggest diamond mining venture in the country.



*KH Operations in Koidu*

### Enter the NGOs

The Kono kimberlite deposits were discovered in 1948, but because the alluvial deposits were still very rich, the Sierra Leone Selection Trust (SLST), which had concessions over the area, did not bother to exploit the kimberlite. In the mid-1960s, however, SLST located the exact areas of the kimberlite pipes. This was about the time that the Koidu Town Council, which would gain municipal jurisdiction over the area, was set up. A “safe zone” was mapped out covering the area of the pipes, which meant that residential dwellings could not be built there. By the time KH arrived, however, several houses had sprung up. An Environmental Impact Assessment (EIA) commissioned by the company in 2003 stated that 284 households, containing 4,537 people, had been constructed in the company's concession area. Technically, this was illegal housing, but it appears that no one had bothered to tell the residents. In addition, the houses had been there long enough to acquire legitimacy.

KH, knowing the legal status of the concession, did not budget for a big relocation. Worse, by the time the company was ready to begin operations, local residents, no doubt sensing a potential compensation scheme, had built dozens more illegal makeshift houses within the concession area. This posed a problem. KH decided to build housing for a very limited number of residents located in its immediate operations area. By mid 2004, only 15 poorly constructed houses had been built, and many residents simply refused to move. The company nevertheless proceeded with its operations, using dynamite on its kimberlite pipes once or twice a week, with little apparent consideration for the residents.

Into the stand-off stepped human rights and environmental groups, most prominent among them the Network Movement for Justice and Development (NMJD). Abu Brima, the group's National Coordinator called the situation “a classic story of environmental injustice, of abuses across the full spectrum of economic, political, civil, social and cultural rights, and of the ways in which local people have sought to defend their rights, land, livelihood and cultures.” In addition to the problem of relocation, inadequate housing and growing “high-handedness by the police”, NMJD accused the company of inadequate public consultation on its Environmental Impact Assessment, and wrote a letter to World Bank President James Wolfensohn, saying so.

In March 2004, the Bank's Multilateral Investment Guarantee Agency (MIGA), which offers political risk insurance to investors in developing countries, suspended an application by KH, pending resolution of the problem in Sierra Leone.

The action caused much distress for KH and for the investment-hungry government, which quickly initiated a public relations campaign in support of the company. Community leaders in Kono District and company officials were brought together in several high-level meetings, and in September 2004, an agreement was signed between 112 people with houses in the blast zones and representatives of the company. KH agreed to pay for the relocation of their houses. [NMJD publications on the controversy can be found at [www.nmjd.org](http://www.nmjd.org); a lengthy KH letter to the Multilateral Investment Guarantee Agency can be found at [www.bicusa.org](http://www.bicusa.org).]

## Sierra Leone Diamond Company On The Move

Sierra Leone Diamond Company Limited (SLDC), formerly Africa Diamond Holdings Ltd., appears set for some big moves during 2005. The company – which recently transferred its corporate seat to Bermuda from Canada, and has a subsidiary in London – has been active in Sierra Leone since 1996. It re-commenced prospecting and exploration programmes early in 2003, most notably initiating a series of high resolution airborne magnetic surveys over its significant portfolio of predominantly “grass roots” mineral licenses. The survey, which was approximately 40 per cent complete at the end of 2004, is the first of its kind employing modern technology targeting not only primary source diamonds (i.e. kimberlite pipes), but other precious and base metals. During 2004, SLDC completed a series of financings with Timis Diamond Corporation Ltd., whose principal, Frank Timis, is Chairman of Regal Petroleum Plc. Timis is now a major shareholder in the company, having invested over US \$12 million in 2004. SLDC had plans to be listed on the London Stock Exchange’s AIM market early in 2005 and expected to raise approximately £20 million to fund its Sierra Leone activities. This will be the largest private international fundraising effort based on Sierra Leonean mineral rights in recent memory.

It is understood that the company is assisting the government to develop a modern geographic information system (GIS) in order to properly record historic and future geological data, for wider use in attracting additional foreign investment to the country. SLDC has also developed a philosophy of corporate social responsibility that is said to include various international, country and community development initiatives. These will be followed with interest. [More about SLDC is available at [www.sierraleonediamond.com](http://www.sierraleonediamond.com).]

## Child Miners: Problems Remain

Article 1 of the Convention on the Rights of the Child, to which Sierra Leone is a signatory, defines children to be “every human being below the age of 18 years unless, under the law

applicable to the child, majority is attained earlier.” The caveat provides a nebulous loophole. The recently-published *Sierra Leone National Youth Policy*, for example, considers adulthood as beginning from age 15, defining “youth” as “any Sierra Leonean (female and male) within the 15-35 age bracket.” This ignores the fact that the voting age, normally taken as the age of maturity, begins at 18. The point is worth making because it bears directly on an understanding of the persistent phenomenon of child mining and other forms of abuse involving children.

A recent World Vision study of the problem of child labour in the diamond mines – an update of a study conducted by the NGO in 2002 – finds virtually no change since the subject was first investigated. “Children usually get involved in mining at an early age,” the report notes, often when children are as young as six. It finds that “initially [child mining is done] on a part-time basis, but they eventually become fully engrossed in it thereby interfering with their educational or any other viable option that promises a better future.... This quest for ‘quick entry’ among children and youth is part of the explanation for the high school dropout rate in Kono [District].”



*Child Miner*

The study is precise about the inherent exploitation involved. “Many of [the] children [involved in mining] have abandoned all educational pursuits including acquiring vocational skills. These are children who are being used by their parents, other relatives and greedy crew bosses purely for their own selfish gains. They are clearly not in the mines of their own volition... This is clearly an act of child abuse, bordering on exploitation.” The report estimates the number of children working in the diamond mines – all artisanal – at some 10,000.

Sierra Leone government officials now appear to have abandoned their former attitude of denial on the subject. Minister of Mineral Resources Mohamed Swaray-Deen says that his government takes the matter seriously – so seriously that he keeps a copy of the legislation prohibiting child labour on his desk. The problem, he says, is enforcement. Most of the children, he says, are likely to be found working in the diamond pits with their parents or other relatives. Mines monitors and wardens will thus find themselves in a difficult position. “How do you enforce the regulation in a situation like that?” the Minister asks.

One way of enforcement, of course, would be to charge a few of these exploitative parents and make an example of them. Cultural precepts – which give parents control over the lives and welfare of their children – should not be allowed to invalidate the law, especially if the precepts result in the exploitation of children. The problem then would be determining the age of the children, made more difficult by the government’s imprecise definition of the age of adulthood. This should be clarified.

Local activists have suggested in the meantime that the government should develop a clear standard of guidelines on child labour, organizing sensitization programmes for mining communities on the adverse effects of under-age mining. It should also devise strategic interventions with respect to access to education and skills training for children involved in mining. In a place like Kono District, where the entire educational infrastructures was destroyed during the war years, and where life is completely dominated by diamond mining, these suggestions are highly relevant – and they deserve urgent action.

## The Environment: How Green Was My Valley

Like the problem of child labour, the environmental degradation associated with diamond mining in Sierra Leone remains a nightmare. Successive laws have been passed to address the problem, only to be successively ignored. The 2003 Core Mineral Policy, which takes a pro-business approach to the industry (stating as its objective the establishment of “an internationally competitive and investor-friendly



*Environmental Destruction*

business environment in the mining sector”), is nevertheless emphatic on the need for sound environmental policies in mineral exploitation. Its principles and objectives, the policy states, “will ensure that the development of the mineral sector is achieved in ways that will protect the environment and that are socially responsible and economically viable.” The actual environmental policy is more fully enunciated in the 1994 Mines and Minerals Act, which notes that the Minister of Mineral Resources “shall take into account the need to conserve the natural resources in, or the land over which the mineral right is sought, or in the neighbourhood land” in deciding “whether or not to grant a mineral right.”

If the Minister, or previous Ministers, have done this, the results hardly bear it out. An estimated 80,000 to 120,000 hectares of land have been mined out in different parts of the country over the decades, but there has been almost zero effort at reclamation. The consequences could be catastrophic, says Andrew Keilli, a mining expert and consultant. “If appropriate measures are not taken – and soon – the destruction will threaten the peace that has already been achieved.” This is more than idle fear mongering. Controversy over the approach to an Environmental Impact Assessment by Koidu Holdings, the most important mining venture in the country, nearly led to violence in 2004, and the matter remains sensitive. (See KH story on page 7).

The Core Mineral Policy states that artisanal mining plots should not exceed 210 square yards, a requirement apparently observed only

in the breach. Artisanal mining is largely unregulated, and mines often comprise several plots covering areas as large as 25 acres. The \$50 which government requires each mining license holder to pay for environmental rehabilitation is too paltry to have any impact whatsoever. In any case, a large number of artisanal miners work without licenses, in operations that are chaotic and environmentally highly destructive.

Diamond mining activities over the decades have led to the massive deforestation of entire districts, to health problems and the loss of biodiversity. The once-verdant rainforests of eastern and southern Sierra Leone have been largely destroyed, leading to the migration or extinction of entire species. Animals such as leopards, lions and elephants, once plentiful in these areas, are now virtually non-existent. Fish have disappeared from many rivers in mining districts where pollution and explosives are common. And in most mining areas, wells and bore holes often contain very high levels of mineral contaminants. In addition, large areas of arable land have been destroyed by miners, with no effort whatsoever at reclamation. All those who mine, and who benefit from mining, have a legal as well as an ethical responsibility to restore land to its original use. And government has a responsibility to enforce its environmental laws and regulations.

Perhaps the recent environmental controversy involving Koidu Holdings, which was widely covered in the media, will serve to enhance awareness of the need for sound environmental policies by others. This may, however, be just wishful thinking. The KH problem was

presented as one of a large foreign company trampling on the rights of poor and unprotected indigenes – in effect offering no lessons to the poor and unprotected about their own behaviour as artisanal miners.

## Truth And Misunderstandings: The TRC View On Diamonds

Sierra Leone’s diamond industry, and its role in the war that ravaged the country from 1991 to 2002, was inevitably a focus of the country’s South African-style Truth and Reconciliation Commission (TRC), which produced its final report in October 2004. It is a voluminous report, several thousand pages long. In a section entitled “Mineral Resources in the Conflict”, the report states that the “commonly held view, both within and outside Sierra Leone, that the Sierra Leone conflict was a war fought over diamonds,” is “only partly true”. There were other factors, it notes, that laid the grounds for a war that would have taken place even without the existence of diamonds. The report concludes that the “exploitation of diamonds was not the cause of the conflict in Sierra Leone, rather it was an element that fuelled the conflict.” It notes as well that “diamonds were used by most of the armed factions to finance and support their war efforts.”

“The TRC appears to have misunderstood, and has thus misrepresented the conflict diamond issue,” says Lansana Gberie, who has written extensively on the role of diamonds in West African conflicts and who appeared before the TRC in 2003. Many of those who advanced the view that diamonds were central to the Revolutionary United Front’s (RUF) war efforts, he says – including Partnership Africa Canada, the UN Security Council, the Sierra Leonean, British and US governments, many academics, journalists and NGOs – never suggested that diamonds were the “cause” of the war. Rather, all stressed the financial role that diamonds came to play, and the fact that the RUF’s chief foreign backers, who were crucial to the existence and continuing effectiveness of the RUF, were motivated by a lust for power,

and by a need for the cash that diamonds could provide. In addition, Gberie says, few ever doubted that other “armed factions” benefited from diamonds or used them to help pay for their war efforts. The government of Sierra Leone certainly used income from the diamond trade to prosecute its war effort and to run the government. And the Civil Defence Force, which fought to protect civilians, also mined diamonds to fund its activities.

Many believe, as well, that a depiction of the war as a struggle between “armed factions” is misleading. The RUF initiated hostilities, ensured their continuation through its exploitation of diamonds, and committed some of its worst atrocities after the election of a civilian government in 1996. Throughout, it remained devoid of popular support or any political motivation apart from a drive for power. Except for its foreign backers, the RUF was accountable to no one. For the RUF, diamonds began as a convenient resource, and in the end became a principal motivator for many of their fighters, leaders and their primary foreign backer, Liberian President Charles Taylor.

The Special Court for Sierra Leone, with its significant investigative resources and its need for rigorous fact-checking, has arrived at precisely this conclusion, and so have many others. In October 2004, the Court produced a witness for the prosecution, a former general in Taylor’s army, who described RUF officers taking bottles filled with diamonds to the Liberian President in order to buy his support. More revelations of this sort are likely to follow, and will place the role of diamonds in their true historical perspective.

## The Kamakwie Diamond Rush And Mining In The North

Diamond mining in the Northern Province of Sierra Leone is a new phenomenon, even though diamonds were known to have existed there long before serious mining started about three years ago. Historically, with no diamond-oriented geological surveys of the region, the existence of diamonds was left to speculation and guesswork, at least on the part of the general citizenry.

The Northern Province has been known traditionally for large deposits of iron ore in Port Loko District and gold in Tonkolili and Koinadugu Districts. For many years, the exploitation of iron ore provided jobs for a large number of people, bolstering government revenue through taxes and royalties. Marampa iron mining was halted in 1975, however, because of low-grade ore and poor production. The closure was perceived by many as the beginning of the country’s economic troubles.

The existence of diamonds in the North was first noted in the mid-1980s when it was rumoured that a resident of Kabatha village had found a diamond. There was a large influx of people from other parts of the country, but nothing substantial was discovered. Since then, theories about the existence of diamond deposits in the Northern region have been based on trial and error. During the decade-long rebel war, however, the Revolutionary United Front (RUF) occupied Kamakwie in Bombali District, and were reported to have engaged in serious diamond mining between 1998 and 2000. Several stories of their finds were reported in the media.



*Diamond Sieves and Shovels on Sale*

The first official mining license was issued in the North in 2002, thus legitimizing diamond mining in the region for the first time. During 2004, tens of thousands of people moved into the area, spurred by stories of a 56 carat stone said to have been valued at \$140,000. According to Regional Government Mining Engineer Sullay S. Sankoh, there is now active diamond mining going on in four of the five districts in the Northern Province. Sankoh says, however, that it is difficult to ascertain the potential of the region and the value of the winnings so far.

Nevertheless, there are indicators that small kimberlite dykes exist in the Northern Province. The Acting Deputy Director of the Geological Survey in the Ministry of Mineral Resources, Tyril Gouldson, told the *Annual Review* that the kimberlitic structure in the North points to neighbouring Guinea. The Sierra Leone Diamond Company (*see article, page 8*) is currently carrying out prospecting work around Kamakwie to assess the viability of these kimberlite dykes. Meanwhile, the ministry has issued an appreciable number of new diamond mining licenses in the Northern Province – about 60 in Bombali District by late 2004, 18 in Kambia District and two in Port Loko. Many others are in the works, and by the end of 2004, an estimated 16 dealer-agents and four dealers had set up shop in the area.

The growth in mining activities in the North is having serious socio-economic and environmental repercussions. According to the Mines Monitoring Office in Kamakwie, there is acute overcrowding in the mining areas. There have been outbreaks of cholera and other diseases related to bad water and poor hygiene and sanitation. Agricultural activities have been abandoned for diamond mining, and large stretches of arable land and swamps are being destroyed. Crime and prostitution are on the rise, and diamond smuggling across the Guinea border is said to be rampant.

## USG/GOSL Partnership In Reform Diamond Policy and Management Program

During the presentation of his credentials to President Kabbah in August 2004, newly appointed US ambassador Thomas Neil Hull III said that the US government “takes reform of the diamond sector most seriously. Diamonds can contribute to Sierra Leone’s recovery or they can be a source of instability and violence.” The ambassador said that “The United States will continue to assist diamond-producing communities to become more prosperous and secure by realizing a reasonable return on their resource. Illicit diamonds also fuel the corruption that undercuts democracy, and they can be exploited by terrorists who intend to harm my country and others.”

The U.S. Agency for International Development (USAID) programme is implemented by Management Systems International (MSI), a Washington-based consulting firm, through its Diamond Policy and Management (DIPAM) programme. DIPAM has three components. It aims first to support local and national efforts to implement policy reform in the diamond sector. This ranges from assistance in establishing and implementing the Diamond Area Community Development Fund, to working with national and traditional leaders to reclaim mined-out land for agriculture. It also works on economic incentives and a policy and regulatory framework conducive to legal diamond mining and marketing.

The second component has been the establishment of the Peace Diamond Alliance (PDA), an organization that works to improve diamond management at the local level through cooperation among government, civil society and business. The PDA was launched in December 2002, and registered as a Sierra Leonean organization in 2004. It is currently based in Kono District and Tongo Field, and there is talk of expansion to other areas. The PDA was awarded a grant in 2004 from the Communities and Small-Scale Mining (CASM) Secretariat located at the World Bank, to provide technical assistance, to fund travel to meet with small-scale operators in other countries, and to support various programmatic costs.

The third component is an innovative approach to artisanal diamond mining and marketing. Known as Integrated Diamond Management (IDM), it aims to complement traditional law-and-order approaches to combating illegality and exploitation in the diamond industry by changing the way the diamond trade is managed and marketed. DIPAM, in partnership with the Ministries of Mineral

Resources and Trade & Industry, trains diggers in cooperative management, new mining technologies, and diamond valuation. It also facilitates access to finance, and aims to get better prices for mining cooperatives that agree to mine ethically and to track their production. The Rapaport Group is discussing plans to provide financing to four of the cooperatives early in 2005 for basic equipment such as shovels, sieves and pumps. The Rapaport Group will also participate in a transparent buying operation that will tentatively be monitored by the British NGO, Global Witness. By the end of 2004, 25 artisanal diamond miners' cooperatives had been registered, each with approximately 50 members. According to observers, however, the cooperatives will have to show results soon if they are to retain the enthusiasm of their members. [Further information on DIPAM can be found at [www.peacediamonds.org](http://www.peacediamonds.org).]

## Campaign For Just Mining

During 2004, the Campaign for Just Mining (CJM) continued its efforts to engage both government and the country's affected citizenry in a dialogue about the management of Sierra Leone's diamond industry. Launched in January 2000 by the Network Movement for Justice and Development (NMJD), the CJM draws its membership from a broad spectrum of civil society groups, NGOs, community organizations, trade unions, and professional bodies such as the Sierra Leone Bar Association. The Campaign's main focus is to increase civil society participation in dialogue on the mining industry, a sharp departure from the days when this subject was

the sole purview of government and the private sector. In the past, for example, Sierra Leone's media rarely carried informed stories on the mining industry. Today that has changed, due in large part to the efforts of the CJM.

Among its activities, the Campaign has lobbied for a critical review of mining laws and policies. In 2002, the Campaign's analysis of existing laws was widely circulated at home and abroad. Today, with support from the World Bank and the British Department for International Development (DFID), these policies and laws are being reviewed. The Campaign's focus now is to ensure public participation and to minimize the adverse social and environmental impacts of mining. To this end it participated actively in the formulation of the country's Poverty Reduction Strategy Paper. It has also been a vocal critic of what it views as rushed and inappropriate foreign investment in the mining sector. In spite of its disagreements with government, CJM has been appointed to represent civil society on the Law Reform Committee on the mining sector.

CJM was instrumental in the establishment of the Diamond Area Community Development Fund, which in 2004 was expected to return almost a million dollars from the diamond export tax to the communities where diamonds are mined. Today, a wider National Advocacy Coalition on Extractives (NACE) draws its membership from CJM, from human rights and environmental NGOs, the Anti-Corruption Commission and the Ministries of Mines and Mineral Resources and Local Government. Going beyond diamonds, NACE recognizes that extractive industries are a key to the country's governance, human rights, peace and development.



*A Meeting of the Campaign For Just Mining*

## Notes

- <sup>1</sup> Parts of this section have been adapted from *Rich Man, Poor Man – Development Diamonds and Poverty Diamonds: The Potential For Change in the Alluvial Diamond Fields of Africa*, Partnership Africa and Global Witness Publishing, Ottawa and Washington, 2004.
- <sup>2</sup> Williams John, Sutherland Donald, Cartwright Kimberley and Byrnes, Martin, *Sierra Leone: Diamond Policy Study*, January 2002. The study can be found at [www.dfid.gov.uk](http://www.dfid.gov.uk).
- <sup>3</sup> *Sierra Leone Diamond Sector Financial Policy Constraints*, Management Systems International, Freetown/Washington DC, June 2003.
- <sup>4</sup> Ten of the 43 exporters in 2003 had exports that were less than the cost of the 2004 export license. As a result, many licenses were not renewed.

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Further information can be found at the following websites:

**Partnership Africa Canada (PAC)**  
[www.pacweb.org](http://www.pacweb.org)

**Network Movement for Justice and Development (NMJD)**  
[www.nmjd.org](http://www.nmjd.org)

PAC can be reached at [info@pacweb.org](mailto:info@pacweb.org), and NMJD can be reached at [nmjd@sierratel.sl](mailto:nmjd@sierratel.sl) or [nmjd@nmjd.org](mailto:nmjd@nmjd.org).

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